

No.13016/57/2008-CA-I (part)
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi
Dated the 3rd November, 2010

To

M/s. Mideast Intergrated Steels Ltd.,
(MESCO STEEL)
MESCO Tower
H-1, Zamrudpur Community Centre,
Kailash Colony,
New Delhi- 110 048.

Subject- Show cause notice for inordinate delay in development of Tandsi-III & Tandsi (Extn.) coal block.

Sir,

I am directed to refer to this Ministry's letter No. 38011/2/2007-CA-I dated 05.08.2008 conveying allocation of Tandsi-III & Tandsi (Extn.) coal block in the command area of Western Coalfield Ltd. (WCL) to M/s Mideast Intergrated Steels Ltd. under the Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 to meet the coal requirements for their Steel Plant in Dist. Jaspur, Orissa, subject to certain conditions. One of the conditions of the allocation was that coal production from the captive block shall commence within 36 months (42 months in case the area in in forest land) in case of open cast mine and in 48 months (54 months in case the area falls under forest land) from the date of allocation in case of UG mine. A copy of the indicating milestones was also enclosed directing that the end use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Mininstry within 6 months from the date of the alloction letter. The allocation letter also stipulated that allocation of the coal block may be cancelled on the ground of unsatisfactory progress in the development of coal mining project or implementation of their end use projects.

2. In order to expedite the development of the coal block, review meetings were held periodically with the representatives of M/s Mideast

Intergrated Steels Ltd. In this regard, in the review meeting held on 22/23.06.2009, it was noticed that the progress was very slow and the allocatee was lagging behind and the Committee felt that they had not taken serious effort to develop the coal block as per the normative milestones. Accordingly, an advisory was issued vide this Ministry's letter of even No. dated 23.01.2010 directing the allocatee company to remove the shortcomings and take steps to develop the coal block without any further delay. The allocatee companies then assured, vide their letter no. MESCO/04/1/04/05/125 dated 28.11.2009 to take steps to develop the block within time frame.

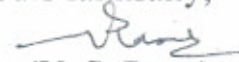
3. However, in the review meeting held on 20/21.07.2010, no representative of MESCO attended the meeting to apprise the review committee the action taken by the company to develop the case. It was noticed that no serious efforts had been made by the company to develop the coal block even after repeated assurances tendered by the company during the the period. It was also noted that all the critical/important milestones were still pending. It is seen that the company has repeatedly failed to keep its promises made to the Ministry and is thus non-serious about timely development of the block. The details of milestones to be achieved and the time lapsed against each milestone are given in the table below:-

Milestones	Schedule date of completion	Actual date of completion	Slippage in YY/MM
Purchase of GR	15.09.2008	-	-
Submission of Bank Guarantee	05.11.2008	03.11.2008	-
Mining Lease Application	05.11.2008	15.10.2009	1 Yr
Submission of Mining Plan	05.02.2009	12.07.2009	5 Months
Approval of Mining Plan	05.04.2009	23.02.2010	10 Months
Application of Previous approval	05.06.2009	-	Pending.
Granting of Previous approval	05.07.2009		Pending.
Application of Forest clearance	05.08.2009	15.10.2009	2 Months
Grant of Forest Clearance	05.02.2010	-	Pending.
Application EMP Clearance	05.08.2009	02.04.2010	6 Months.
Grant of EMP Clearance	05.02.2010		Pending.
Grant of Mining Lease	05.08.2010	-	Pending.
Application of Land Acquisition	05.03.2010	-	Pending.
Completion of Land	05.08.2011	-	Pending.

Acquisition			
Application for opening permission	05.12.2012	-	Pending.
Grant of Opening permission	05.01.2013	-	Pending.
Coal Production	05.02.2013	-	Pending.

4. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately alongwith supporting documents, to this Ministry within a period of 30 days from the date of issue of the show cause notice, as to why the delay in the development of the coal block should not be held as a violation of the terms and conditions of the allotment of Tandsi-III & Tandsi (Extn.) coal block, failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken for deallocation of the said coal block.

Yours faithfully,


(V. S. Rana)

Under Secretary to the Government of India

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M/o. Coal